

## **Bayh-Dole Compliance Obligations Meet the America Invents Act: The Unrecognized Consequences of Going from First to Invent to First to File\***

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In going from the current “first to invent” to the new “first to file” regime mandated by the America Invents Act (AIA), much attention has been focused on the amorphous “grace period” provision provided to patent applicants for certain activities undertaken by them prior to filing for a U.S. patent. Much less attention was paid to the amendments made to sections 203(c)(2) and 203(c)(3) of the Bayh-Dole compliance obligations which were directly impacted by this change in definition from the old “statutory bar” provision (based on publication, on sale, or public use of the invention caused by the patent applicant), to this new “grace period” provision. But even more astounding (and unsettling) are the unrecognized consequences caused by the AIA in “realistically” meeting certain Bayh-Dole compliance obligations by going from the current “first to invent” to the new “first to file” regime.

For those subject to Bayh-Dole compliance obligations (i.e., those entities conducting federally funded research), there are fifteen obligations pertaining to invention/patent rights under a standard funding agreement. Only three of those obligations involve defined timing for compliance: (1) disclose each subject invention to the funding agency within two months after the inventor discloses the invention to the person who is responsible for patent matters at the funded entity (section 203(c)(1), hereafter referred to as “Bayh-Dole obligation (1)”); (2) within two years of such disclosure, notify the funding agency in writing whether the funded entity elects to retain title (section 203(c)(2), hereafter referred to as “Bayh-Dole obligation (2)”); and (3) no later than one year after electing to take title, file the initial U.S. patent application (section 203(c)(3), hereafter referred to as “Bayh-Dole obligation (3)”). See also Scott D. Locke and Eric W. Gutttag, “Losing Patent Right for Failing to Comply with the Bayh-Dole Act: The Implications of *Campbell Plastics* on Federally Funded University Research,” at: [http://www.gutttagiplaw.com/publications/patents/Bayh-Dole Compliance & Losing Patent Rights.pdf](http://www.gutttagiplaw.com/publications/patents/Bayh-Dole%20Compliance%20&%20Losing%20Patent%20Rights.pdf)

Under the current “first to file” regime, “realistic” compliance with Bayh-Dole obligations (1) through (3) was driven more by avoiding “statutory bars” caused by patent applicant activities which occurred more than one year prior to the U.S. patent filing date. That’s because the critical “prior art date” for U.S. patent filing purposes under a “first to invent” regime was the invention date. Admittedly, the U.S. patent filing date is treated as the “constructive” invention date for prior art purposes. Even so, the U.S. patent applicant could still swear behind the prior art date by showing an earlier invention date. In effect, the U.S. patent applicant who cared only about patent protection in the U.S. had a one year “window” after the invention date before having to really worry about intervening prior art created by others after that invention date.

All that has changed with the AIA. As noted above, the AIA does take into account the impact of the new “grace period” provision on Bayh-Dole obligations (2) and (3) as it relates to patent applicant activities. But what the promoters of the AIA were oblivious to (or simply didn’t care about) is how going to this new “first to file” regime effectively creates significant time pressure in complying with Bayh-Dole obligations (1) through (3), while at the same time avoiding intervening prior art issues created by others (i.e., third parties) prior to the U.S. patent filing to comply with obligation (3). That’s because the effective prior art date under the “first to file” regime of the AIA is what prior art exists before the U.S. patent filing date. In other words, the U.S. patent applicant no longer has the luxury of that one year “window” after the invention date. Instead, the danger of intervening prior art by others steadily (and potentially exponentially) increases as time passes between the invention date and the U.S. patent filing date.

Putting this in Bayh-Dole terms, the time periods provided for compliance with obligations (1) through (3) may create a potentially fatal illusion with regard to the new “realities” of the “first to file” regime under the AIA. For example, waiting two years from disclosure of the subject invention to elect title as permitted by Bayh-Dole obligation (2) and then filing a U.S. patent afterwards may well “doom” that patent filing effort long before the end of that two year period. Even waiting the full year permitted by Bayh-Dole obligation (3) may be way too late to file the initial U.S. patent before intervening prior art by others effectively negates the ability to secure patent protection in the U.S. In fact, a federally funded entity may be under the gun to file the U.S. patent before even the two month period has run under Bayh-Dole obligation (1) to minimize the ever increasing danger of intervening (and accumulating) prior art coming into play.

When enacted in 1982, the primary purpose of the Bayh-Dole Act was to encourage federally funded individuals, small businesses and universities to commercialize technologies created from that federally funded research. And in return for complying with those Bayh-Dole obligations, including obligations (1) through (3) relating to invention/patent rights, those compliant individuals, small businesses and universities had the opportunity to retain title to the invention/patent fruits from those labors. But in one fell and incomprehensible swoop, the “first to file” regime of the AIA may have washed away, or at least severely undermined, what has been a significant benefit for almost thirty years to those subject to and compliant with these Bayh-Dole obligations. Americans, including American universities engaged in significant research, those wishing to be entrepreneurs and those seeking jobs in the current dismal U.S. economy, may yet eventually curse this unrecognized, yet frustrating consequence of the “first to file” regime of the AIA.

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